

# CONDENSED RULES

## SERVICE SUPPLIER APPLICATION

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**WAC 230-02-205 GAMBLING SERVICE SUPPLIER DEFINED.** A "gambling service supplier" is any person who provides gambling related services for compensation, whether directly or indirectly.

(1) Gambling related services include at least the following:

(a) Providing consulting or advisory services regarding gambling activities;

(b) Providing gambling related management services;

(c) Providing financing for purchases or leases of gambling equipment or for providing infrastructure that supports gambling operations for more than one licensee. For purposes of this section, financing by any bank, mutual savings bank, or credit union regulated by the department of financial institutions or any federally regulated commercial lending institution shall not be deemed as providing gambling related services;

(d) Providing any other service or activity where influence may be exerted over any gambling activity licensed by the commission;

(e) Providing assembly of components for gambling equipment under a contract with a licensed manufacturer;

(f) Providing installation, integration, maintenance, or any other service of digital surveillance systems that allows direct access to the operating system; or

(g) Training individuals to conduct authorized gambling activities.

(2) The term "gambling services supplier" does not include the following:

(a) Universities and colleges that are regulated by the Washington state board of community and technical colleges and the higher education coordinating board which train individuals to conduct authorized gambling activities;

(b) Licensed manufacturers or distributors who service and repair pull-tab dispensing devices, bingo equipment or any other authorized gambling equipment;

(c) Attorneys, accountants, and governmental affairs consultants whose primary business is providing professional services that are unrelated to the management or operation of gambling activities; and

(d) Persons that only provide nonmanagement related recordkeeping services for punch board and pull-tab operators, when the combined total gross billings from such services does not exceed twenty-five thousand dollars during any calendar year.

**WAC 230-02-206 GAMBLING SERVICE SUPPLIER REPRESENTATIVE DEFINED.** A "gambling service supplier representative" is any natural person who:

(1) Represents a licensed gambling service supplier and who is directly involved in providing a service listed in WAC 230-02-205(1);

(2) Instructs card room activities to students enrolled in a university or college regulated by the Washington state board of community and technical colleges, and the higher education coordinating board when such instruction covers

dealer procedures as opposed to general casino management.

**WAC 230-02-208 Punch board and pull-tab service business defined.** "Punch board and pull-tab service business" is defined as a person that provides recordkeeping services for punch board and pull-tab operators for compensation and:

(1) The individuals are not employees of the operator;

(2) The recordkeeping services do not include recommendations or advice of a management nature;

(3) The combined total gross billings for such services during any calendar year does not exceed twenty-five thousand dollars; and

(4) The records completed are normally the responsibility of the operator. For purposes of this section, recordkeeping duties that are normally the responsibility of the operator include at least the following:

(a) Reconciling sales, prizes, and cash on hand for punch boards and pull-tab series;

(b) Completing mandatory records required by WAC 230-08-010: Provided, That recordkeeping services provided by a professional accounting business are exempt from these requirements when:

(i) The business performs services other than punch board and pull-tab records for the licensee;

(ii) The business has clients other than punch board and pull-tab licensees; and

(iii) The recordkeeping service only includes transcribing entries from the licensee into the required format; and/or

(c) Storing boards and series removed from play.

**WAC 230-02-300 SUBSTANTIAL INTEREST HOLDER DEFINED.** Substantial interest holder means a person who has actual or potential influence over the management or operation of any organization, association or other business entity. Evidence of substantial interest includes, but is not limited to, one or more of the following:

(1) Directly or indirectly owning, operating, managing, or controlling an entity or any part of an entity; or

(2) Directly or indirectly profiting from or assuming the liability for debts of the entity; or

(3) Is an officer or director of the entity; or

(4) Owning ten percent or more of any class of stock in a privately or closely held corporation, or five percent or more of any class of stock in a publicly traded corporation; or

(5) Furnishing ten percent or more of the capital, whether in cash, goods, or services, for the operation of the business during any calendar year; or

(6) Directly or indirectly receiving a salary, commission, royalties or other form of compensation from the gambling activity in which an entity is or seeks to be engaged.

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### **WAC 230-04-020(5)(a)(b) CERTIFICATION PROCEDURE – GENERAL REQUIREMENTS – MANDATORY TRAINING REQUIRED.**

(5) The commission shall not issue a license until it is satisfied that the applicant is completely qualified to operate the activity for which a license is requested. Prior to issuing a license, the commission will:

(a) Conduct a review and investigation of all information available, whether submitted as a part of the application or otherwise obtained, to the degree deemed necessary to attest to the qualification of the applicant and the gambling premises; and

(b) Require all persons who sign the application, as set out in subsection (2) of this section, plus the manager or other designated person(s) responsible for conducting the gambling activity or completing records, to complete a training course as established and provided by the commission: *Provided*, That mandatory training shall not be required for manufacturers; manufacturers representatives; or applicants or licensees with special circumstances approve by the director.

**WAC 230-04-119 LICENSING OF GAMBLING SERVICE SUPPLIERS.** Prior to providing any type of gambling related service, a gambling service supplier shall first obtain a license or certification from the commission. The following requirements and restrictions apply to certification and licensing of gambling service suppliers:

#### **License required.**

(1) For purposes of this title, a license is required to provide any service related to licensed gambling activities as defined in WAC 230-02-205.

#### **License not required.**

(2) A sole owner, partner, major officer and/or owner of a substantial interest in a corporation licensed as a gambling service supplier shall not be required to be additionally licensed as a gambling service supplier representative to perform duties in connection with the gambling service supplier's business. Except as provided in this section, a gambling service supplier shall not employ any unlicensed person to perform duties for which a license is required and shall take measures necessary to prevent an unlicensed person from doing so.

#### **Application for license or certification.**

(3) The applicant shall complete the application form supplied by the commission. The applicant shall provide, on the application form or attached thereto, a full description of all services provided or planned to be provided to each licensee of the commission. Such description shall be in writing and include details necessary for commission staff to determine the scope of services provided to each licensee and the responsibilities of each party under the agreement.

#### **Changes to the application.**

(4) The applicant shall notify the commission within thirty days of any change in the information submitted on or with the application form.

#### **Limit of responsibility.**

(5) In no circumstance may a gambling service supplier assume ultimate responsibility for a licensee's activity.

#### **License fees.**

(6) License fees for gambling service suppliers shall be as set forth in WAC 230-04-203.

#### **Gambling service supplier holding an interest in a pull-tab manufacturer or distributor business.**

(7) A licensed gambling service supplier or substantial interest holder thereof that provides services to punch board and pull-tab operators shall not hold a substantial interest in a licensed manufacturer or distributor of punch boards and pull-tabs: *Provided*, That for purposes of this section only, the director may determine that the spouse of an individual that is a substantial interest holder in a licensed gambling service supplier business will not be considered a substantial interest holder in the gambling service supplier business. In making such a determination, the director will assess the potential for involvement and/or influence in the gambling service supplier business and the manufacturer or distributor business and whether any potential influence is material. The director may impose additional requirements on either the gambling service supplier business and/or the manufacturer or distributor business. Such limitations may include, but are not limited to, prohibiting sales or providing services to an operator by the affected gambling service supplier business, or manufacturer or distributor business. At least the following documents may be considered by the director in a determination of potential influence:

- (a) Community or marital property agreements;
- (b) Separate property agreements;
- (c) Prenuptial agreements; and
- (d) Wills and codicils.

**WAC 230-04-124 LICENSING OF MANUFACTURER, DISTRIBUTOR, GAMBLING SERVICE SUPPLIER, AND LINKED BINGO PRIZE PROVIDER REPRESENTATIVES – EXCEPTIONS.** Except as allowed by this section, all individuals representing or acting as an agent of a licensed manufacturer, distributor, gambling service supplier or linked bingo prize provider shall be licensed by the commission prior to selling, promoting or providing any person gambling equipment, paraphernalia or related services. This includes individuals that manage or supervise individuals selling, promoting, or providing products or services for which a license is required. A licensed manufacturer, distributor, gambling service supplier or linked bingo prize provider shall not allow an unlicensed person to represent them in

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transactions restricted by this section and shall take all measures necessary to prevent an unlicensed person from doing so. The following restrictions, procedures and exceptions apply to representative licenses:

### **Exceptions - representative license not required.**

(1) The following individuals do not require a separate representative's license:

(a) A sole owner, partner, major officer or board member and/or owner of a substantial interest in an entity;

(b) Office, clerical or warehouse personnel who have contact with customers or potential customers only by telephone at the manufacturer's, distributor's, gambling service supplier's, or linked bingo prize provider's own premises when working under the immediate and direct supervision of an owner, partner, major officer, or a licensed manager or supervisor; and

(c) Resident agents required by WAC 230-12-300 when such agents are not involved in selling or providing products or services for which a license is required.

### **Signature of employer required.**

(2) The manufacturer, distributor, gambling service supplier, or linked bingo prize provider for which the representative will work shall sign the application acknowledging that the applicant will be representing them with their full knowledge and consent.

### **Requirements.**

(3) An applicant for a license as a distributor representative, gambling service supplier representative, or linked bingo prize provider representative shall:

#### *Training.*

(a) Complete a training course for any activity being managed, as required and provided by the commission within thirty days after the first day worked; and

#### *Represent only one employer at a time - exceptions.*

(b) Represent only one licensed manufacturer, distributor, gambling service supplier, or linked bingo prize provider at a time and shall not represent a manufacturer: Provided, That this rule shall not prevent a licensed representative from representing a manufacturer, distributor, and/or linked bingo prize provider when all businesses are owned by the same person: Provided further, That this rule shall not bar the distributor's representative from representing his own distributor who is also licensed as a manufacturer.

### **Conflict of interest.**

(4) If a licensed gambling service supplier representative has any interest in a licensed manufacturer or distributor and they provide services to any punch board, pull-tab, or bingo operator, they shall inform the commission, the operator, and the manufacturer or distributor of the

relationship. Such manufacturer or distributor shall be prohibited from selling punch boards, pull-tabs, or disposable bingo cards to such operator.

**WAC 230-04-125 DISTRIBUTOR OR GAMBLING SERVICES SUPPLIER REPRESENTATIVE LICENSE – RESTRICTIONS AND PROCEDURES FOR CHANGING EMPLOYMENT.** All licensed distributor or gambling services supplier representatives shall abide by the following restrictions and procedures when changing employers:

*What happens if I leave the employment of the distributor or gambling services supplier I represent?*

(1) In the event that a licensed distributor or gambling services supplier representative ceases to represent the distributor or gambling services supplier under which a license was granted for any reason, the representative shall immediately notify the commission. Upon termination of employment the license shall immediately become void and shall be returned to the commission.

*What steps must I complete prior to beginning employment to represent another distributor or gambling services supplier?*

(2) Prior to beginning employment to represent any other distributor or gambling services supplier, a previously licensed distributor or gambling services supplier representative shall submit a new application. The application shall include a statement that the previous employer has been notified of the change in employment and shall be signed by the distributor or gambling services supplier wishing to employ the distributor or gambling services supplier representative.

*Can I begin to represent my new employer prior to receiving my license?*

(3) A previously licensed distributor or gambling services supplier representative shall not represent a new employer prior to receiving a license from the commission. Prior to granting a license to a previously licensed individual, the commission may conduct an investigation to determine the continued qualification of the individual. Such investigation may include inquiries to the previous employer.

*What is the fee for obtaining a license to represent another distributor or gambling services supplier?*

(4) The fee for a license to represent a different distributor or gambling services supplier shall be the same as a license renewal, as set forth in WAC 230-04-204. The expiration date for such license shall be as set forth in WAC 230-04-190.

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**WAC 230-04-240 SPECIAL INVESTIGATION FEE.** In addition to the basic license or permit fees, the commission may require payment of such additional license fees as are necessary to defray the costs of background investigations of applicants for whom adequate background information sources are not readily available, including, but not limited to, applicants who have not resided in the state of Washington for at least one year. The commission may require payment of the estimated additional license fee in advance as a condition precedent to beginning the investigation.

The commission shall notify the applicant as soon as possible after it makes the determination that such additional fee is necessary and shall further notify the applicant of the commission's best estimate of what such additional license fee will be: *Provided*, That such estimate shall not be binding upon the commission. Any applicant may then withdraw his application if he so chooses, as provided under WAC 230-04-210 and 230-04-220.

**WAC 230-12-223 PROHIBITED PRACTICES – LEASES AND COMPENSATION.** (1) No person, association, or organization shall operate or conduct any gambling activity authorized on or within any leased premises if rental under such lease is to be paid wholly or partly on the basis of a percentage of the receipts or net profits derived from the operation of such gambling activity. Nor shall the rental under such lease exceed the usual rental for such premises in the same locality: *Provided*, That amusement games conducted as a part of, and upon the site of, a regional shopping center are exempted from the percentage of receipts or profits restriction of this section and RCW 9.46.120(2).

(2) No charitable or nonprofit organization shall enter into an agreement where the compensation to any person taking part in the management or operation of such activity is based upon a percentage of the receipts or income derived from the operation of such game. The payment to such persons of compensation which is other than reasonable under the local prevailing wage scale for employment of a comparable nature shall create a presumption of a violation of this section.

**WAC 230-12-225 REPAIR OR SERVICE NOT TO BE CONDITIONED UPON EXCLUSIVE SUPPLY ARRANGEMENT.** No licensed manufacturer, distributor, or gambling services supplier shall condition repair or service of any device or product upon an agreement by any person to purchase or obtain products or services solely from such manufacturer, distributor, or gambling services supplier or solely from any other person or combination of persons: *Provided*, That routine maintenance agreements shall not be considered a violation of this section.

**WAC 230-12-300 RESIDENT AGENT TO BE APPOINTED BY OUT-OF-STATE LICENSEES.** (1) All licensees that do not own or otherwise maintain a business office or licensed premises within Washington state shall appoint a resident agent for the purpose of receipt and acceptance of service of process and other communications on their behalf from the commission.

(2) The resident agent shall be a natural person who is a resident and living in the state of Washington and who is eighteen years of age or older.

(3) The name and business address where service of process and delivery of mail can be made, and home address of such designated resident agent shall be filed with the commission.